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2 EC Treads Rocky Road To Enlargement

7 Jordan Boosting Output of Eggs and Broilers

8 Czechoslovakia's 1976-80 Plan

11 Ivory Coast Sugar Goals

12 U.S. Wheat Team Sees Asian Market Growth

14 World Meal, Oil Output Jumps

A vineyard in Spain—one of three countries slated to join the EC.

EC Treads Rocky Road Toward Enlargement

By John E. Montel

EC membership is a leading goal for Greece, Spain, and Portugal and the stated desire of present Community members. However, the negotiating process will be long and involved, considering the many new problems these prospective members will bring to a Community already divided over important issues, and the increased competition they will pose for EC farmers, particularly in France and Italy. U.S. exporters of fruits, vegetables, and tobacco to the EC likewise anticipate increased competition, both within the EC and in third-country markets.

With transition to European Community membership just now being completed for the Community's newest members—the United Kingdom, Denmark, and Ireland—the EC is taking another step toward enlargement. This time the prospective new members come from the South—Spain, Portugal, and Greece—and pose a plethora of problems and potentials that already has sparked heated debate within the Community.

The debate over enlargement, which some sources expect to be completed by as late as 1990, focuses heavily on agriculture. This attention reflects the prospective members' wealth of farm products—many directly competitive with those produced in the EC-9; the huge sums that would have to be spent by the EC on agricultural support and modernization; and the new threats to political consensus posed by countries whose interests may diverge from those of other EC members.

Spanish and Portuguese wine, Greek and Spanish citrus, and Portuguese tomato paste are just a few of the products worrying producers in France and Italy. Germany, on the other hand, could see its already huge cost of supporting the EC Common Agricultural Policy rise still further as funds are absorbed by the new members. And other members that are now net recipients of money from FEOGA—the EC's agricultural fund—could in the future become net contributors.

The United States, meantime, views EC enlargement as basically a matter for decision by the Europeans concerned. The political attraction of the Community for the three applicant Mediterranean democracies—each of which has recently emerged from periods of authoritarian rule—is obvious.

But there are also risks for U.S. economic interests, which would face increased competition in a market that last year accounted for over a fourth of total U.S. farm product exports, plus possibly expanded competition in other markets from subsidized exports of the new members.

First Steps Taken

The first steps toward actual EC membership have now been completed by all three prospective members. Greece submitted its formal application last December (see the September 12 issue of *Foreign Agriculture*); Portugal, in March of this year; and Spain, this July.

Greece is the furthest advanced of the three in its bid for membership, having signed an Association Agreement with the EC in 1962. Progress toward harmonization later was frozen during the rule of the military junta in 1967-73, but by then the country was enjoying duty-free treatment of most agricultural exports to the EC. Nontariff barriers are still applied, however, and the Greek adjustment to freer access for EC products and the EC common external tariff is moving at a relatively slow pace.

So far in the negotiations over actual EC membership, opening positions have been laid out and problem areas identified. And this fall is likely to see the beginning of negotiations on such difficult issues as agriculture, harmonization of the Greek and EC tax structures, and Greece's economic/trade relations with third countries.

A possible timetable for Greek accession includes: Conclusion of negotiations

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in late 1978, membership with voting rights around the beginning of 1980, and a further transition period of 3-5 years.

Spain sought Associate membership with the EC in 1962 also. But, unlike Greece, it never achieved this status, instead settling for a preferential commercial trade agreement signed in 1970. Spain nontheless benefits from important EC tariff preferences on many agricultural products—including nuts, citrus, other fruits and vegetables, and wine.

The country submitted its formal application for EC membership on July 28, 1977, and is expected to follow a concession timetable that would include: Presentation of the EC's opinion to the Council in mid or late 1978; negotiations beginning in 1979 and running 2-4 years; EC membership with full voting rights by the beginning of 1984; and a 3-5 year transition to full EC membership.

Portugal enjoys EC preferences on certain farm products under a 1972 bilateral agreement, but its preferences are less than those for Greece and Spain. Its application for EC membership was submitted by Prime Minister Soares on March 28, 1977.

The EC Council has agreed in principle to eventual Portuguese membership. It also has instructed the EC Commission to prepare, in consultation with Portugal, an opinion on how the negotiations might proceed and what could be done during the negotiations to help bridge the enormous gap between the Portuguese economy and those of EC Member States.

The Commission is expected to present its opinion to the Council in early 1978, allowing negotiations to begin in late 1978. Preliminary estimates by Commission officials suggest a negotiating period of 2-4 years, followed by perhaps a 10-year adjustment period.

Prime Minister Soares, on the other hand, is urging that integration into the EC be completed by 1985.

All three applicants view EC membership as being to their advantage, despite the tremendous economic and social changes necessary to aline their countries with those of present EC members. Of the three, Spain has the strongest economy, and most EC officials believe that Spain could economically withstand the obligations of membership at a relatively early date.

Difficult Negotiations

Accession negotiations are likely to be difficult, however. The French and Italians will bargain cautiously and hard to nail down an overhaul of the EC's agricultural system. They want to ensure that Spain will not flood EC markets with unlimited quantities of fruit, other agricultural products, and wine that will displace their own production, and that the EC will provide offsetting compensation to French and Italian farmers if this were to occur.

Indeed, the Community faces a number of difficult problems in expanding to 12 members from the present nine. At the heart of these problems is the fact that the new members would be essentially poor nations with much less to offer than they would receive.

The Community's long-term objective has been to create a homogeneous, integrated market. Instead it has seen increased disparities in growth rates, incomes, and industrialization between the weaker economies—Italy, Ireland, and the United Kingdom—and the relatively strong ones.

These differences would be increased still further with accession of the three prospective members, and huge expenditures would be required to bolster economies of the new nations. Commission officials estimate that without a change in existing EC policies, the three would receive net annual transfers amounting to about $1.2 billion for Spain and $375 million each for Greece and Portugal.

Aside from these financial and economic difficulties, there is a potential political problem. The new members, together with Italy, could form a "southern" bloc to argue effectively for agricultural change unacceptable to the predominantly northern members of the EC-9.

Any agricultural costs would be borne by FEOGA, which is responsible for financing market support and structural improvement activities. Already, total agricultural expenditures amount to some 70 percent of the EC budget, and one nation—Germany—foots about 28 percent of the FEOGA market support bill while receiving only 13 percent of total support outlays.

CAP Questions Persist

Moreover, plans for enlarging the EC-9 come at a time when there are burning questions about the CAP generally—namely, whether Community farm support should be open ended or involve broader producer coresponsibility than exists now for resulting surpluses, whether the agricultural and/or consumer sectors should be insulated from monetary changes by applying taxes and subsidies on intra-Community trade, and whether some of the basic CAP concepts need to be modified to meet potential strains on the system. The

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United Kingdom is a proponent of modifications such as these.

Expanding the Community before the issues are resolved would certainly compound the difficulties in reaching a common accord on such questions. It also would complicate even more the establishment of new common agricultural policies, such as those pending for alcohol and sheep meat, and the modification of present ones affecting olive oil, fresh and processed fruits and vegetables, and wine. The prospect of greater FEOGA costs, in turn, could lead to an erosion of the principles of free agricultural trade within the EC.

Another difficult problem is the effect new members would have on an already tedious voting procedure. Although the Treaty of Rome does not require a unanimous vote (rather, a weighted majority), the EC Council of Ministers in practice has voted unanimously on the important issues.

Already, the Council is encountering great difficulty in reaching consensus on the issues. And to try to reach unanimity among 12 countries on issues that are often sensitive—and that so greatly affect agricultures in France and Italy—will be almost impossible.

Consequently, the EC will have to come up with some radical reform in the voting procedure before taking in new members.

Currently, some people in the EC are talking about a two-tier procedure that would give the primary responsibility for important votes to the present membership and some type of secondary role to the new Member States. Such a move obviously would create new problems, since it implies a second-class citizen role in the important voting procedure.

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In light of such difficulties, some who follow these events believe that the EC will become so overwhelmed with the institutional and resource problems that it will let the negotiations drag out beyond their present target dates—or that the three applications may be acted on in concert at some later date. The latter move would give the EC time to come up with solutions to common problems posed by the prospective members.

The impact of enlargement on Community agriculture would vary considerably, according to the country involved.

Impact on Farmers In the EC-9

While the three prospective members already enjoy some tariff preference in the EC, their products still are subject to many nontariff barriers and do not have access to the protected EC market that would prevail once they become members. Nor do they benefit from agricultural subsidies such as those in Italy, which assist inefficient surplus-producing industries that already are having a hard time competing in EC markets.

Should the new producers demand benefits similar to those now enjoyed by Italy, costs of agricultural support would rise tremendously and the Community might face the prospect of overwhelming surpluses of products already in oversupply.

Farmers in southern France and Italy even now are objecting to the potential threat from their new competitors, particularly for wine, fruits and vegetables, and olive oil.

Spain, especially, is viewed as a formidable competitor. The country has a large, relatively efficient agricultural sector, as well as a rapidly expanding economy. For instance, wine area in Spain, at 1.6 million hectares, already exceeds that of France, presaging stiff competition in EC and world markets should Spain boost yields from the currently low 35 hectoliters per hectare (compared with an EC average of 70).

Portugal likewise is an important wine producer and exporter, and Greek wine production is on the rise.

Considering the problems that already have arisen as a result of French and Italian overproduction of wine—for example, the so-called wine war of 1976—this issue could be a major stumbling block to accession of the new members.

Similar competition is posed by the Spanish fruit and vegetable industry, which one report indicates will expand by 77,000 hectares over the next 3 years alone.

Spain already ranks as the world's largest exporter of citrus, and oranges and tangerines in particular, with these products accounting for around two-thirds of Spain's foreign exchange earnings from agriculture. In 1975, the country shipped some 1.4 million metric tons of citrus to the European Community, or about 90 percent of total exports, compared with 79 percent in 1971.

Added Spanish competition in the EC could come from apples, pears, peaches, and other deciduous fruits, and a number of fresh vegetables, as well as tomatoes and tomato products.

Similar competition can be expected from Portuguese tomato products, tomatoes, and other fruits and vegetables. Greece, on the other hand, already is a leading EC supplier of citrus, grapes, peaches, dried fruits, fruit and vegetable juices, tomato products, and olive oil.

There is some potential

for expanding Community grain and meat exports to Greece, Portugal, and Spain, although in the long run the new members will be interested in boosting their own production, especially with the help of EC market supports.

Spain and Greece already give Community dairy products some preferential treatment in their markets. And Portugal is committed to maintaining the EC's share of its dairy imports. Thus, there may be some possibility for a small rise in EC dairy sales from the Nine to the three new members. However, the Community cannot expect enlargement to create substantial new markets or ease significantly its dairy surplus problems.

All three prospective members expect to benefit from EC regional and structural aids, however limited those programs have been so far. Accession to the Community would most likely mean higher food prices for the new members' consumers and perhaps diminished competitiveness for their major exports, e.g., tomato concentrates. The EC might have to expand its export subsidy policy to help the three to maintain their overseas markets.

On the other hand, accession to the EC would also mean removing protective barriers to imports from the Community and from some third countries. Competition from northern EC members, particularly for meat and dairy, might thwart the hopes of Greece, Spain, and Portugal to develop their own livestock industries.

Effects on Third Countries

The EC has granted preferences to Mediterranean and ACP (African, Caribbean, and Pacific) countries for farm products in which the EC is not self-sufficient. Bringing in Spain, Greece, and Portugal might lead to EC self-sufficiency, or even surpluses for products such as oranges, tangerines, lemons, tomato products, and olive oil and might, therefore, call into question the EC policy of Mediterranean preferences.

Greece has already suggested there should be a standstill on Mediterranean preferences for 5 years, but no one is actually contemplating such a measure. To protect the three new members and also Italy, the Community might decide to tighten its reference prices or other import control mechanisms for third country suppliers, particularly against preferential suppliers.

Greece and Spain are heavily protected agricultural markets. (Commission officials generally regard the Greek agricultural import system as less open than the Community's.) Portugal engages in some restrictive licensing but may be more open these days than the other two, since it must import half of its food needs. Thus, some third countries might stand to gain for certain commodities from EC enlargement, provided the EC system does not become more protective.

It is hard to say which U.S. agricultural products would be affected by greater protection in the three new members. Spain, Portugal, and Greece already apply nontariff barriers to grain imports. Moreover, stimulus from EC investment and agricultural support could boost livestock production and per capita meat production, thus increasing prospects for U.S. feedgrain and oilseed sales. The citrus and tobacco industries, on the other hand, are quite likely to ask for protection from similar U.S. products.

All three prospective members employ some protection against soybean imports in order to protect their olive oil industries. They may accept the EC's duty-free rate for soybeans, or they may ask the Community to renegotiate the bindings on soybeans and soybean products in light of the changed EC situation for fats and oils.

Accession of the new members could increase support for other measures, such as a vegetable oils tax.

U.S. Citrus and Tobacco May Suffer

Probably the greatest potential threat to U.S. trade comes from citrus (especially lemons) and tobacco, since some of the leading exporters of these products would be within the confines of the Community.

U.S. fruit and vegetable exports to the EC, which in 1975 totaled an estimated $300 million, already have begun to feel a competitive impact from Greece and Spain. Greek citrus now enters the EC duty free, and Spanish oranges and tangerines are subject to a 12 percent duty during October 16-March 31, compared with 20 percent for the United States. In addition, U.S. lemons must pay a duty of 8 percent, compared with 4.8 percent for Spain.

The fear here, however, is that the EC price support system might prompt production and price increases in the new members and a consequent flood of EC surpluses to traditional U.S. markets in northern Europe, Asia, and the Western Hemisphere.

U.S. tobacco, already under intense pressure in traditional EC markets, earned $406 million in the EC during 1975 out of the Community's total import of $1.2 billion. But its market share there has been declining for many years and

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could fall much further if Greece joins the European Community.

Traditionally, Greece has been a producer and exporter of oriental tobacco, which is not directly competitive with U.S. tobaccos. However, the fear is that the protective umbrella of EC membership might prompt Greece not only to expand production of oriental tobacco, but also to diversify into burley and other types that are competitive with U.S. tobaccos. Such a change would first threaten U.S. markets in the European Community and later third-country markets where Greek tobacco might compete effectively with the aid of EC export subsidies.

Some sources feel that the long-term effect might be a 10-20 percent reduction in U.S. tobacco exports, while a decrease of 5 percent could take place over a shorter period.

During 1976, Greece shipped $38 million worth of tobacco to the EC out of its total export of $175 million. In addition, the Community received increased quantities of tobacco from Middle Eastern and African nations that benefit from EC preferences and have steadily encroached on the U.S. market share.

U.S. vegetables and canned fruits likewise would face increased competition in an enlarged EC.

Although it is still too early to assess the total impact on enlargement, one thing is clear: the United States needs the large EC market, which last year accounted for $6.4 billion of the $23-billion U.S. farm exports.

The United States also is anxious to retain its expanding farm markets in Spain, Greece, and Portugal, whose combined takings of U.S. farm products totaled over $1 billion last year. □

Growth Slows in Malaysian Textile Industry

After a decade of rapid expansion, the growth rate of Malaysia's textile industry has slowed and it now faces a series of problems whose solutions—particularly those connected with future growth—will depend on its ability to compete in domestic and world markets. Increased consumption of raw cotton, an important raw material for Malaysia's' textile industry, also hinges on market expansion.

Malaysia's domestic market is small. The 12.7 million domestic consumers annually use an average of only about 3.3 kilograms of textiles per person, even though per capita income—estimated at $859 in 1976—is higher than in many neighboring countries.

Constraints of small population and low consumption of textiles are made more severe by competition from imported textiles in domestic markets. As a consequence, increases in production will be largely contingent on export trade in textile markets where competition is strong.

Furthermore, most of the industry's outturn consists of cotton products made from imported cotton, most of which comes from the United States, Brazil, Pakistan, and Tanzania.

From 1971/72-1975/76, Malaysia bought more than a third of its raw cotton from the United States. Estimated to be slightly higher in 1976/77, the U.S. share might show another rise in 1977/78. Of total 1976/77 imports of 70,000 bales (480 lb net), about 30,000 came from the United States.

Malaysia's textile industry dates from the late 1950's when the Government began to seek projects to reduce the country's annual import bill, including textile imports. As a result, the country's first cotton mill was established. One of the smallest but fastest growing textile industries in East Asia in the 1960's, the industry had pushed its spindle capacity to 300,000 by 1976.

Along with the growth in the number of spindles came an accompanying rise in Malaysia's use of raw cotton. From only 2,000 bales in 1957/58, consumption grew steadily to a record of 82,000 bales in 1973/74. In 1973, as part of the Government's drive to boost textile exports, Malaysia's textile firms ordered foreign-made machinery and began to create a fully integrated industry.

But in the same year, the industry's plans to expand output were dampened by a weakened world economy and an acute textile recession. Faced with a heavy debt load, intense competition from other textile-producing countries, rising raw material costs, and sluggish demand in textile-importing countries, Malaysian manufacturers have had only limited success in fulfilling plans to expand the industry's productivity.

The overall small size of the industry and of its individual mill complexes mean that economies of scale cannot be maximized to the extent achieved in other Far Eastern countries.

Further, the Malaysian Government does not provide export incentives or subsidies. In fact, the textile industry claims that exchange rate procedures, taxes, and opposing domestic business interests put the country's textile industry at a disadvantage compared with foreign industries. In terms of value, the country remains in a deficit position in total textile trade.

Still, export sales have inched upward and reached $123 million in 1976. Most textiles are shipped to the European Community, the United States, and Australia. U.S. textile imports from Malaysia are an important element in this trade. In 1976, shipments to the United States reached $12 million in value, up from $9 million in 1975.

(During 1976, the Malaysians faced a particularly acute problem when a cotton-producing country—with which Malaysia had a long-term bilateral agreement to provide raw cotton—changed governments and renegotiated the pact at much higher prices.)

A recent development in the Mayalsian industry's effort to improve its competitive position is a request by the Malaysian Textile Manufacturers Association (MTMA) for assistance from the newly formed Textile Advisory Committee of the Ministry of Trade and Industry. The MTMA has requested Government credits to help finance exports and insurance, lower duties on imports needed for textile manufacture, and revision of foreign exchange procedures. The Government recently suspended its duty on raw cotton imports, and is considering the other requests. □

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Jordan Boosting Output Of Eggs and Broilers

By Shackford Pitcher

In just a few years, Jordan has boosted its domestic production of broilers and eggs, and in 1977 alone expects output of each of these items to increase by 25 percent. Fueling these gains are Jordan's modern feed industry and an efficient infrastructure.

Egg production, which averaged only 80 million eggs annually during 1971-75, reached an estimated 150-160 million eggs last year. Poultry meat output, meanwhile, has also soared—doubling during the period of 1971-75 and totaling 18,000 metric tons in 1976.

At current consumption levels, Jordan is nearly self-sufficient in broiler production, with domestic poultry farms providing an estimated 95 percent of the country's supply. The level of self-sufficiency in egg production, however, is lower with two-thirds of the country's egg output provided by local farmers. This could increase this year, however, as the five largest egg operations are expected to more than double their capacity from the current 30,000 layers each to about 75,000 layers each.

As Jordan's poultry meat output has increased, imports have decreased; imports of poultry meat in 1975, according to Jordanian trade statistics, were 1,408 tons—28 percent less than those of 1974.

Egg imports, however, have increased (85 million eggs in 1975, compared with 81 million in 1974). Jordan has also begun exporting shell eggs—650,000 in 1975—practically all of which were shipped to Kuwait.

Domestic egg marketing is generally in open trays of 30 eggs each. Eggs are currently subject to price controls and sell for a maximum of 9 U.S. cents each.

Jordanian broiler marketing recently underwent a major change in Amman, which accounts for 25 percent of the country's population. As of late 1976, all domestically produced broilers were to be slaughtered at the new poultry processing plant owned by the municipal Government, and operated by a firm jointly owned by Jordan's two major feedmills. A small poultry plant is also located in Irbid, Jordan's second largest city, where farmers and merchants can slaughter their own poultry.

The Jordanian poultry industry has come a long way from the days when poultry houses were merely converted living quarters with inadequate ventilation, often giving rise to respiratory infections. Today farmers are building conventional broiler houses and controlled-environment layer houses.

Near Amman there is one farm with two such houses — accommodating 20,000 birds each; a third unit is also under construction. These units have automatic feeding devices, litter scrapers, and egg collectors, as well as a feedmill, mixing equipment, and bulk tanks for feed.

Poultry diseases, particularly Newcastle disease, respiratory infections, and Coccidiosis, are still fairly widespread in Jordan, however. Newcastle disease continues to cause serious poultry losses in Jordan, at times even among vaccinated flocks. With modern housing, sound management practices, and the use of coccidiostats in feed, problems with Coccidiosis have been lessened.

Although the growth of Jordan's modern feed industry has greatly increased poultry production, Jordan needs to import most of its feed ingredients, as the only domestically produced grain products are wheat bran and barley.

With the loss of grain and protein meal sources in Lebanon, most of the imported ingredients are shipped to Aqaba on the Red Sea, where bulk handling facilities are still to be built.

As a result, the Jordanian feed industry must arrange for all of its feed supplies directly from foreign sources. The transportation system for this method requires up to 3 months between ordering and delivery to one of the feedmills in Amman.

The United States did not share directly in Jordan's increased imports of feed ingredients in 1976—U.S. trade statistics show no corn or soybean exports to Jordan. (U.S. grain shipments to Jordan consisted of wheat, much of which was sold under Title I of Public Law 480.) Jordan does not directly import corn and soybean meal from the United States because Jordan prefers less-than-full cargoes of corn, and the port of Aqaba cannot handle bulk deliveries of soybean meal, necessitating imports of bagged soybean meal.

Although a number of U.S. soybean meal exporters were contacted by Jordanian buyers, U.S. suppliers either could not provide bagged meal, or the additional bagging and freight costs made U.S. meal too expensive, compared with soybean meal from other sources. Jordanian trade data for 1976 could reveal some U.S. feed ingredients, however, as presumably there could be some U.S. product delivered from shipping points in Greece or Yugoslavia.

Most of the mixed feeds sold commercially in Jordan are produced in the three feedmills in Amman. One of these feed manufacturers, which is headed by a group formerly producing in Lebanon, also produces feed concentrates used by Jordanian farmers or exported to Saudi Arabia.

There are no duties or import restrictions on mixed feeds or concentrates, and, as a result, the local feed industry has no import protection—farmers as well as dealers are free to import feeds.

In 1976, Jordan exported mixed feeds to Saudi Arabia, Iraq, and Lebanon. The shipments to Lebanon were primarily during April-June, when civil hostilities in Lebanon cut off Lebanese poultry farmers' supplies from local feedmills.

Although several of the Lebanese feed manufacturers have not yet resumed production, Jordan does not expect Lebanon to become a regular feed export market. Saudi Arabia and Iraq, however, are expected to continue as export customers, as deliveries can be trucked directly to these various countries. □

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Czechoslovak 1976-80 Plan Sets High Aims For Farm Sector

By Thomas A. Vankai

Czechoslovakia's current 5-year plan has set high farm sector targets, particularly for the output of food. But even if planned increases are achieved, that country will have to import grain and oilseeds, with the United States a major supplier.

Continuing a trend started in the 1971-75 development plan, Czechoslovakia's 1976-80 program has set high agricultural goals—particularly in the production of feeds and food. The plan, released late last year and still undergoing close scrutiny by many observers, indicates the Government objective—to provide cheap food in the face of growing demand—may result in shortages or reconsideration of price policies.

To close the gap between production and market requirements, Czechoslovakia imported food and agricultural products valued at about $1.5 billion annually for at least the past 3 years. Imports from the United States have been on a rising trend, attaining $172 million in 1976.

In 1976, grains were the leading U.S. agricultural export to Czechoslovakia ($112 million) and soybean meal ($33 million) was next in importance. U.S. hide and skin exports were valued at $11 million. Czechoslovakia also bought U.S. nuts, tobacco, and miscellaneous oilseeds.

Largely developed in 1973 and first revealed in 1975, the Czechoslovak plan was presented in its final draft form to the country's Parliament in mid-December 1976. The plan calls for a cumulative gross agricultural growth rate of 14-15 percent, which equals the rate actually achieved in 1971-75. With the most modest growth rate in Eastern Europe, Czechoslovakia's crop output is set to rise between 16 and 17 percent; livestock by 13 percent.

The grain target is for production of 10-11 million tons annually between 1976-80, compared with the 9.3-million-ton average achieved in 1971-75. Except for a slight increase in the corn area, the plan calls for the share of arable land used for grain output to remain stable at 52 percent. Production growth will be generated from increased yields, rather than larger areas.

Sugarbeet production is slated to rise from an annual average outturn of 7 million tons to 9 million and oilseed production to double to 240,000 tons.

Among the oilseeds, the largest area expansion is planned for rapeseed, less for sunflowerseeds and soybeans. But as in the case of grains, most of the oilseed increase is expected to come from higher yields.

Potato area will be cut, but larger yields will be called on to keep production at the present 4-million-ton level. Output of other crops such as pulses, forages, fruits, and vegetables also is expected to rise, while in most cases area will remain about the same.

The average potato yield is slated to rise from the 1971-75 average of 15.4 tons per hectare to between 18 and 19 tons. The planned grain yield is expected to rise from 3.4 tons per hectare to about 4.2 tons, sugarbeets from 3.5 tons per hectare to about 4.1 tons.

In the livestock sector, priority will be given to improved feeding efficiency and to cattle husbandry. The planned production rise is expected to keep pace with the growth in domestic consumption. About 100,000 cows are scheduled to be added to the country's inventory during 1976-80, while annual milk yield per cow is to be raised from 2,900 kilograms (kg) to 3,100.

For the economy as a whole, the 1976-80 plan calls for an investment growth of 36-38 percent (based on 1967 prices). No sectoral breakdown has been given, but it is likely that energy-producing industries and those exploiting raw materials will receive particular preference in the allotment of funds. Past plans called for an investment growth of 39 percent in 1971-75 and 44 percent in 1966-70.

Agriculture's share of total investments amounted to about 11 percent in past plans. There is no indication of a rate change in the 1976-80 plan. Land improvement, mechanization of crop production, increased livestock production, and construction of greater storage capacity will have priority in the agricultural capital investment sector.

Grain storage capacity is to be increased by 1.6-1.8 million tons. The target for mixed feed production is 7 million tons—more than three times the present output. Meat and milk processing will receive priority attention by the food industry.

Land improvement projects will bring an additional 60,000 hectares under irrigation, and 300,000 hectares under drainage.

Investments in farm mechanization will be used to finance purchase of 49,000 tractors and 10,000 combines. Following the policy under which each of the CEMA (Council for Economic Mutual Assistance) countries specializes in the manufacture of certain types of machinery, Czechoslovakia will import all of its combines from the Soviet Union and the German Democratic Republic. About 20,000 tractors will be bought from various CEMA members. Czechoslovakia will have an exportable surplus of 40-120 horsepower tractors.

By the end of 1975, grain

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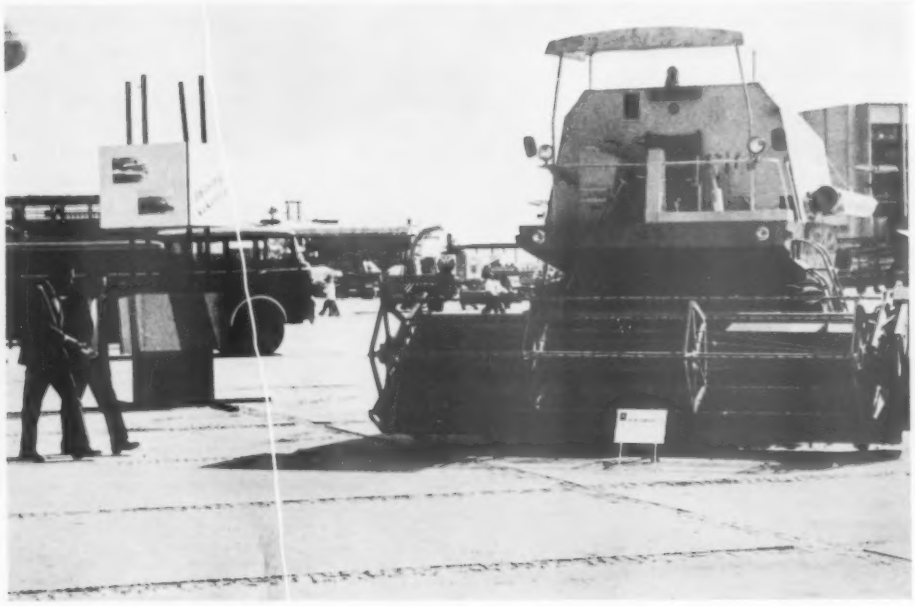

From top: Advertisement promoting Czechoslovak hams, a product whose export will probably be pushed during the current 5-year plan; a display of farm machines at Nitra, Czechoslovakia. The 5-year plan calls for the purchase of new farm machinery with greater capacity than present equipment.

harvesting had been completely mechanized, sugar-beet harvesting 95 percent, and potato harvesting only 50 percent mechanized. During 1977, farm machines will be put into service having greater capacity and speed than those now in operation and repair facilities will be moved to strategically located service depots. This centralization, plus advanced training for some mechanics, should improve workmanship and reduce costs.

New production facilities will include seven meat processing plants, seven dairy, two freezing, and three malting operations. A sugar-mill in Trebisov will be remodeled.

Farm use of fertilizer on agricultural land, which rose by 40 percent during the past two 5-year periods, is slated to climb 21 percent—to 268 kg per hectare—in the 1976-80 period. Czechoslovakia relies heavily on fertilizer imports from the USSR. In exchange for an unrevealed yearly amount of fertilizer, the Czechoslovaks have cooperated with the Soviet Union in building fertilizer factories in the USSR.

Czechoslovakia also intends to boost its use of plant-protecting chemicals.

One of the factors that could slow Czechoslovakia's economic growth in the next 5 years is the country's labor shortage. The population growth rate was only 0.35 percent between 1957 and 1963. When the children born in these years start working in the 1976-80 period, their numbers will add little to the labor pool.

At present, 1 million workers—12 percent of the labor force—are engaged in agriculture, the equivalent of one worker for each 7 hectares of land. In 1970 the ratio was 1:6. The Government is eager to halt the outflow of farm labor, there being insufficient funds to replace with machinery workers leaving the farm.

The target for 1976-80 real-income growth—composed of money income plus service benefits—is set at 23-25 percent, less than the 28 percent growth achieved during the last 5-year plan. However, real wages should be up 13-15 percent.

As the Government is committed to keep meat prices stable, this income rise will make available more money, and demand for meat products will also move up. But the rate of climb will probably be slower than in 1971-75, when per capita

meat consumption rose 13 kg to 80 kg, because current consumption is already at a high level and the Government may be unable to satisfy the new demand for more, better quality meats.

A comparison of planned per capita food consumption for 1980, with actual 1974 figures, shows that use of meat, milk and dairy products, fats, eggs, and fruits and vegetables will climb, that of sugar and cereals will drop.

Per capita meat consumption is slated to mount from 1974 to 1980 by 11 kg to 88 kg; milk and dairy products (excluding butter) by 15 kg to 225; fats, oils, and butter by 2 kg to 22; fruit by 15 kg to 65; and vegetables by 13 kg to 89.

Sugar usage is expected to fall by a kilogram per person, cereals by 44 kg to 98. Egg use is planned to rise from 293 to 308 per person.

These changes portend an upgrading of the Czechoslovak diet—less starchy foods and more of those high in protein or vitamins such as meats and fruit and vegetables. At the same time, however, the average share of household expenditures spent for food and beverages will continue to slide. In 1970, for example, these expenditures made up 39 percent of the total, slipping to 30 percent in 1974.

By now, Czechoslovakia has attained self-sufficiency in dairy products and eggs, but produces only 95 percent of its meat requirements. The advance toward meat self-sufficiency may be slowed if its demand continues to outpace increases in production, which could force the country to import more meat.

Farm products made up 22 percent of all of Czechoslovakia's imports in 1971-75, but only 8 percent of its exports. Cotton, grains and livestock feed, and fruits and vegetables were the major agricultural imports. Grain imports averaged 1.5 million tons annually during 1971-75, but were only 1 million tons in 1974 and 1975. If Czechoslovak grain production plans are achieved, grain imports will continue to decline.

By contrast, the buildup of the mixed feed industry could boost the share of protein feeds in animal rations and lead to larger imports. Oilmeal imports increased from an annual average of 370,000 tons in 1966-70 to almost twice that in 1971-75. At present, Czechoslovakia's share of protein feed in feed concentrates is well below the share for countries in Western Europe.

Principal U.S. agricultural exports to Czechoslovakia will probably continue to be soybean meal and cattle hides. The United States also will probably export grain to Czechoslovakia in years when local production drops and the Soviet Union—the principal Czechoslovak supplier—suffers simultaneous grain shortfalls.

Although most details of the 1976-80 program are lacking, it is difficult to imagine how a plan developed in 1973 can be put into effect without undergoing serious modification. In the past 3 years, Czechoslovakia's trade terms have deteriorated seriously. To correct the imbalance, the country needs to export more and import less. But working against this requirement is the 1975 renegotiation of intra-CEMA prices, which adversely affects Czechoslovak efforts to improve the import-export standing. The country had a trade surplus in 1971 and 1972, but deficits in following years that reached $839 million in 1975.

In 1976, Czechoslovakia's agricultural sector put a pronounced drag on the economy, the result of production shortfalls. Also, the total trade deficit continued unimproved. Total imports in 1976 exceeded exports by $665 million (US$1=Kcs 5.80), part of which was an almost $620-million deficit with non-CEMA countries.

The budgetary drain caused by Czechoslovakia's buying more foreign goods at higher prices has been hedged in the short run by foreign loans, but settling servicing costs and repayment of the debts cannot be postponed too long. In any event, their effect on the economy can only be adverse.

The total investment growth rate in 1976-80 is planned to be slower than in the past 5 years. So, even if achieved, this growth may not generate the same rate of output expansion as in 1971-75.

Higher fertilizer usage may not result in the yield boost experienced in the past, and the growth rate of utilization is dropping from the 1971-75 level.

The Czechoslovak Government is aware that financial assistance to the agricultural sector will not by itself adequately stimulate production. The Government is also depending on production specialization and cooperation among collective and State farms to boost productivity by enlarging the size of production units. At the end of 1975, 24 percent of the country's eggs, 33 percent of its broilers, and 61 percent of its hogs were produced by small-scale operations.

Also under study are methods to improve technology of forage utilization and boost protein ratios to cut feed import needs. More comprehensive mechanization might cut labor costs, while improved transportation and storage can probably reduce grain losses. □

"In 1976, grains were the leading U.S. agricultural export to Czechoslovakia ($112 million), and soybean meal ($33 million) was next in importance. U.S. hide and skin exports were valued at $11 million."

Ivory Coast Goals: Sugar Self-Sufficiency Plus Exports

By Robert E. Haresnape

The Ivory Coast Government plans to add sugar to its list of national self-sufficiency goals.

As recently as 1974, the Ivory Coast relied entirely on imports for its sugar needs, but the first year's operation during the 1974/75 marketing year of the first of several projected plantation-mill complexes resulted in a modest 5,000 metric tons of sugar production during that year.

The country's official goal, which is now considered optimistic, is 600,000 tons of sugar production capacity by 1985.

Since the Sahel drought of 1970-74, the Ivory Coast has become self-sufficient in rice, and has implemented a project for self-sufficiency in meat production.

Per capita income in the Ivory Coast is among the highest in Africa. Agriculture, the basis of the country's economy, derives its strength mainly from an extensive area of fertile land and abundant water supplies for irrigation and hydroelectric power.

Real annual growth averaged almost 8 percent during the 1960's and over 6 percent during 1970-75. Stability, steady growth, and liberal investment policies have attracted foreign capital as well as international and bilateral loans.

As a result of this favorable economic climate, the Ivory Coast, which now ranks third among world producers of cocoa and coffee, expects to move up to the leading position in cocoa and to third place in world output of palm oil.

Cotton textile and pineapple industries also have been developed, and timber exports have become an important foreign exchange earner.

Land preparation for the first Ivorian sugar plantation-refinery (Ferke I) was begun in mid-1972 at a site on a tributary of the Bandama River, near Ferkessedougou. By December 1974, the refinery was ready to receive its first sugarcane for processing.

The first months of operation during 1974/75 were plagued by production delays. However, the 1975/76 outturns reached 20,000 tons, and the 1976/77 level was more than 40,000 tons.

The Ferke I project is the only one designed to refine sugar. It is an integrated operation, including 6,000 hectares of cane-growing area, a manmade 65-million-cubic meter reservoir, a mill that can crush 5,000 tons of cane per day, a refinery that can produce 150 tons of sugar per day, and a cubing plant that can produce and package 90 tons of sugar cubes per day.

Since only sugar for domestic consumption is to be refined, the one refinery is considered sufficient for the country's needs.

Construction of the Ferke II complex was begun in October 1976 on a site adjacent to Ferke I. The plantation will include more than 6,000 hectares and a mill with an annual capacity of 60,000 tons of raw sugar that is to begin trial operations by the end of 1978. It will supply raw sugar to the refinery at Ferke I as needed for domestic demand, and any excess will be available for export.

Besides the two Ferke sites, contracts have been signed with foreign firms for the construction and implementation of four other complexes.

The third plantation-mill complex is to be constructed at Borotou-Koro, at the junction of the Sassandra and Boa Rivers. Land is being cleared and onsite nurseries expanded.

The plan envisages a cane harvest on 1,800 hectares by the end of 1978 and on 5,000 hectares by 1980/81. The mill eventually will produce 45,000 tons of raw sugar for export.

The fourth complex will be located at Zuenoula, along the west branch of the Bandama River. A reservoir is to be constructed to supply water for the 6,800-hectare plantation and the mill, which will produce 50,000-60,000 tons of raw sugar annually. Initial crushing is scheduled to begin in late 1979.

The fifth and sixth complexes are to be located at Comoe-Serebou and Katiola-Marabadiassa. Both projects are scheduled to produce about 50,000 tons of raw sugar for export, with trial operations to begin by 1980.

In addition to these six projects, four other sites are under consideration: Niakaramandougou, Mankonobere, and Dimbokro I and II.

The official development plan calls for as many as 12 complexes to be in operation by 1985 with a total production capacity of 600,000 tons—100,000 tons for projected domestic use and 500,000 tons for export.

However, world inflation has increased the cost, reduced the availability of international funds for financing, and has pressed the Ivorian balance-of-payments position to the extent that this schedule is now regarded as too ambitious.

Other uncertainties are the availability of skilled managers and technicians as well as field labor, and whether world sugar prices will stabilize at a level that will provide incentive for further investment.

Consequently, the Ivorians are now hoping to have the six sugar complexes in full operation by 1982, which would provide a production capacity of about 300,000 tons, leaving about 200,000 tons of raw sugar for export.

All sugar projects are to be owned by Sodesucre, a development corporation set up under the Ivorian Ministry of Agriculture. Plantation and mill operations are to be performed initially by contractors.

Sodesucre is responsible for recruiting and training Ivorians to take over the management and operation of the complexes. Financing for the five projects is estimated at nearly $1 billion, of which more than two-thirds is to be supplied by foreign loans guaranteed by the Government. □

The author formerly was U.S. Agricultural Attaché for Liberia, Guinea, Senegal, Sierra Leone, and Ivory Coast.

U.S. Wheat Team Sees Asian Market Growth

By Richard K. Baum

Although the United States has established wheat markets in many Asian countries, U.S. wheat marketing specialists constantly are seeking new customers for U.S. wheat in the Far East, as well as boosting U.S. market shares in traditional wheat-purchasing countries.

Wheat markets throughout the Asian area are expected to continue expanding during the next 5 years, according to a team of wheat marketing specialists [1] who visited 10 Asian countries this past spring. One of the most promising markets found on the trip was Sri Lanka. According to the team, use of Commodity Credit Corporation (CCC) credit could gain the United States a new market for wheat in that country.

A report on each of the countries visited follows:

Sri Lanka. The chairman of Sri Lanka's Flour Milling Corporation has proposed a trial import of 5,000 metric tons of U.S. Hard Red Winter Ordinary wheat, which may be the key to future purchases of U.S. wheat that could total as much as 130,000 tons of wheat annually for the mill and 300,000 tons of wheat for milling in transit in Singapore.

By milling in transit in Singapore, U.S. wheat can probably compete with wheat flour from the European Community by saving on ocean freight costs.

Sri Lanka's wheat consumption is roughly 55,000 tons per month. Flour consumption was expected to decrease by 5,000 tons per month this summer, owing to a record rice harvest this year, but flour consumption was expected to pick up later.

Plans for expanding Sri Lanka's present flour mill capacity from 130,000 tons to 300,000 tons annually appear to be delayed. The Government's goal is to reduce wheat and flour imports in the future to a total of 300,000 tons of wheat.

In 1976/77, Sri Lanka, which is primarily a flour market, imported some 100,000 tons of U.S. flour.

Singapore. While in Singapore, the wheat team investigated the feasibility of milling U.S. wheat in transit for Sri Lanka. Singapore is indeed interested in this possibility—provided financial arrangements could be made. In Singapore, U.S. wheat—particularly bread-type—continues to have a reputation for superior quality.

While Singapore's imports of U.S. wheat for the domestic market are small (34,737 tons), the country is an excellent transit point, as well as possessing good silo storage and milling capacity.

Singapore used to mill wheat for the Arabian Peninsula, but as these countries construct their own mills Singapore has more capacity than is needed for the country's 110,000-ton wheat usage.

Indonesia. Officials of the Indonesian Food Corporation (BULOG), a Government purchasing agency, estimate 1.2 million tons of wheat and 1.5 million tons of rice will be imported this fiscal year (starting April 1, 1977). As such, the country is an expanding market. Of these estimates, the United States will probably supply some 500,000 tons of wheat and 350,000 tons of rice to Indonesia.

India. With Government foodgrain stocks now estimated at 22-23 million tons (16-17 million tons of which are wheat), India is currently self-sufficient in foodgrains. As a result, there are no plans at present for substantial wheat imports in 1977/78. In addition, this year's wheat harvest is estimated to be only slightly below last year's record 28.3 million tons.

Assuming no imports and a poor monsoon season, India's stocks could be substantially reduced within 18 months.

With permanent storage facilities unable to handle the large stocks, an estimated 6-7 million tons of wheat are now in temporary open storage in plastic-covered bags on pallets. This is considered to be a temporary, experimental program that has thus far been successful.

Despite high stocks, India will continue to be a substantial cash wheat importer during future years of below-average monsoons, which historically are 2 out of 5 years. India is now in its third year of good-to-average weather, so a poor monsoon can be expected soon.

India has a good foreign exchange position of $3 billion, enabling the country to buy grain for cash when necessary. Australia can be expected to be more of a competitor for the Indian market in the future.

India has some 250 flour mills, with a total grinding capacity of 6 million tons, but grind has been under 2 million tons for the past 2 years. With abundant stocks of wheat, this amount is expected to increase, however. The primary problems facing the industry are obsolete mills, lack of technically trained millers and cereal chemists, and the Government requirement that mills accept and use a large percentage of low-quality wheat.

Thailand. The United States continues to increase its share of Thailand's expanding wheat market; the U.S. share of Thailand's 120,000-ton import total in 1976 was 75 percent, compared with 37 percent in 1972.

The long-term outlook is for a continued increase in Thailand's wheat imports as they are needed to bolster foodgrain supplies, along with rice. Thailand's domestic rice production has continued at present levels only through expanding area; yields per hectare are among the lowest in the world (1.8 tons per hectare, compared with 6 tons per hectare in Japan and an average yield of 2.45 tons per hectare for the world).

Rice is losing ground as a

[1] **Members of the March 25-April 27 trip were Dale B. Douglas, Foreign Market Development, Grain and Feed Division, FAS; Don Wisdom, chairman of the board, Western Wheat Associates, USA, Inc; and the author.**

Mr. Baum is President, Western Wheat Associates, USA, Inc.

top export to sugar, tapioca, corn, and rubber exports.

The United States and Thailand are the world's largest rice exporters, expecting to ship 2.2 million and 2.0 million tons, respectively, this year. With this level of exports, Thai rice stocks at the end of 1977 will be the lowest in recent years.

Philippines. The Philippine Government virtually controls the development of the country's wheat market. The National Grains Authority (NGA) imports all grains, and decides the resale price of wheat to the mills, as well as ceiling prices on flour and rice.

The most effective way to expand the market for wheat foods in this country would be lowering wheat prices to millers to equal world prices, thus lowering prices to consumers.

While it is doubtful that the NGA will lower prices that far, it may make some downward adjustments on prices, particularly of soft wheat. There has been significant expansion—some 25 percent—in Philippine wheat imports during the past 18 months. Wheat purchases were expected to exceed some 825,000 tons in 1976/77.

The United States continues to supply 100 percent of the Philippines' soft wheat imports. In 1976/77, owing to low-priced Canadian wheat, the United States will only supply 50 percent of the Philippines protein wheat purchases. This year, CCC credit is helping to make U.S. wheat prices more competitive with Canadian wheat prices.

Republic of China (Taiwan). Although Canada has been pressing for higher Taiwanese imports of Canadian wheat, Taiwan will import the amounts of wheat and other grains from the United States covered in its 5-year agreement with the private trade.

Thus far, only 21,000 tons of Canadian wheat have been purchased, but an additional purchase may be made later in the year.

The annual agreement between Taiwanese flour millers and the Australian Wheat Board for 100,000 tons of wheat is likely to be renewed.

Per capita consumption of wheat foods has stopped increasing in Taiwan, but is expected to start growing again in the next 3 years. Taiwanese flour millers are worried about their ability to market the 50,000-ton increases programmed in the U.S. private trade-Taiwan agreement starting in July 1977.

Republic of Korea. The outlook is good for increased South Korean imports of wheat during the coming year, owing to a short domestic barley crop of 1 million tons. Total wheat purchases in 1977 are estimated at 1.85 million tons, compared with 1.7 million last year. Wheat imports may even exceed this goal, owing to brisk sales of flour and cereal.

The local barley crop may be short as much as 700,000 tons in 1977, owing to winterkill and drought, necessitating estimated barley imports of some 500,000 tons. A sizable portion of this amount is likely to be from the United States.

With the reduced South Korean barley crop, the Government will make efforts to move some of the 1.4-million-ton rice surplus into consumption. It is estimated that a carryover of 1 million tons would still be available, assuming a normal rice crop this year.

Rice is not fully substitutable for barley in food patterns, however. As a result, the Government does not feel it is contradictory to continue importing wheat in the face of surplus rice, because wheat is at an attractive low price.

With corn prices higher, the National Agricultural Cooperative Association is considering importation of up to 100,000 tons of feed wheat, possibly from Canada or Australia. Both of these countries are pushing hard for Korean wheat purchases for balance-of-trade reasons.

Wheat foods are well established in South Korea; when the Government suspended its 2 riceless days per week, it had little effect, as Koreans continued to eat wheat foods.

Similar to Taiwan and the Philippines, South Korea has a flour price stabilization program for consumers. The difference between world prices and fixed Korean prices is put into a contingency fund controlled by the Government; this fund is to be used in the future to subsidize flour to consumers should world wheat prices rise beyond fixed prices.

Super cereal (bulgur) consumption is increasing in Korea, owing partly to the short barley crop. Last year, 100,000 tons of wheat were programmed for this purpose, and during 1977, super cereal processors are requesting wheat imports of up to 275,000 tons. The Government may purchase 125,000 tons of this product for its various feeding programs, including for the military.

Japan. The politically sensitive problem of an increasing surplus of highly subsidized domestic rice is the primary threat to expanding—or even maintaining—the wheat market in Japan. In spite of rice consumption promotional programs, rice consumption continues to decline. As a result, rice interests are calling for a reduction in wheat imports, which stood at 5.5 million tons in 1976/77 (July-June), and are projected at 5.65 million in 1977/78.

Japan's Food Agency purchased 86,633 tons of U.S. barley in 1976, the highest level in 10 years. Japan would have bought more, but U.S. exports to Europe and a stronger U.S. domestic feedgrain market pushed the price up too high. U.S. barley will be purchased, however, when prices are competitive.

In the meanwhile, it is expected that Japan will continue annual barley agreements with Canada for 900,000 tons and Australia for 650,000 tons.

Malaysia. U.S. wheat imports by Malaysia—at 10,000-15,000 tons—are only a small share of Malaysia's 400,000-ton import total. The market is dominated by Australia, owing to Australia's proximity, lower ocean freight costs, limited and shallow ports, and the traditional use of Australia's wheat. □

Good Rains Aid Indian Grain

After 2 weeks of light precipitation, heavy rains fell over most of India's Provinces, making the week ending August 31, the best of the current monsoon season. During the first 3 months (June-August) of the southwest monsoon, virtually all of the *kharif* (fall) grain area received normal or above-normal rainfall. Precipitation was more timely and better distributed than last year's.

Prospects are now for a possible record rice crop. Nevertheless, with three-quarters of the monsoon season over, precipitation during September definitely will be crucial. □

World Meal, Oil Output Heads for New Record

By Alan E. Holz

World production of high protein meals during 1978 as of September 13 was projected at 78.2 million metric tons (soybean meal equivalent), 11.6 million tons above the reduced 1977 volume and 5.4 million tons above the previous record volume of 1976.[1]

The expected sharp gain largely reflects indications of a record 1977 U.S. soybean harvest on expanded area and improved rainfall in many major producing regions.

The author is supervisory agricultural economist, Foreign Commodity Analysis, Oilseeds and Products, FAS.

Also, a sharp gain is projected for foreign production, based on larger outturns of rapeseed in Canada, sunflowerseed in the Soviet Union, peanuts in India, as well as expectations of further expansion in Southern Hemisphere soybean harvests.

Although production of meal and oil is rebounding strongly, pipeline stocks have been trimmed this year and need to be replenished. Meal supply for 1978 at 80.4 million tons is only 3.2 million tons above the long-term trend, compared with 2.3 million tons below trend in 1977 and 5.2 million tons above trend in 1976.

Oil supplies are expected to be abundant in 1978, with supply projected at 54.0 million tons, 2.0 million tons above the long-term trend, compared with 670,000 tons below trend in 1977 and 1.5 million tons above trend in 1976.

The expected sharp gain in 1978 U.S. meal production to about 36.5 million tons (soybean meal equivalent), is projected to account for 74 percent of the expected gain in world meal production.

During 1955-75, the average annual deviation between the final estimates of USDA's Statistical Reporting Service for soybean crops and the September estimates averaged 2.9 percent, which could mean that the ultimate outcome could vary by plus or minus 1.1 million tons (meal basis).

Foreign output of meal is preliminarily projected at 41.7 million tons (soybean meal equivalent)—3 million tons above the 1977 estimate.

World output during 1978 of vegetable, animal, and marine oils and fats is preliminarily estimated at 52.7 million tons—4.9 million tons above this year's reduced volume and 3.3 million tons above the previous record volume produced in 1976. The projected gain largely reflects indication of substantial gains in soybean, palm, cottonseed, sunflowerseed, rapeseed, and olive oils.

U.S. production of fats and oils is projected at 13.0 million tons—indicating an above-trend recovery of 2.2 million tons. The projected

[1] Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, sesame, and palm kernel meals expressed in terms of 44 percent protein equivalent. Meal production estimates for 1978 include production from Northern Hemisphere crops harvested in the second half of 1977 combined with estimates of Southern Hemisphere crops to be harvested in the first half of 1978. Meal production data are calculated on the basis of assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings.

World Oil and Meal: Where To Look for Changes

Current FAS oil and meal forecasts for 1978 include:

- A 1977 U.S. soybean crop of 44.7 million tons (1.64 million bushels), 10.3 million tons above the depressed 1976 volume and 2.6 million tons above the record 1973.
- A 1978 Brazilian soybean crop of 13.2 million tons, 1.2 million tons above the 1977 estimate.
- A 1978 Argentine soybean crop of 1.8 million tons, 29 percent above the second official estimate of the 1977 crop.
- Peru's 1978 fishmeal output projected at only 530,000 tons, compared with the 440,000-ton 1977 estimate—both substantially below the 849,000 tons produced in 1976. Peru's fish oil production in 1978 is expected to recover only partially from the 1977 level and remain substantially below the 1976 volume of 101,000 tons.
- India's 1977 peanut crop at 6.5 million tons (in-shell basis), compared with 5.8 million tons in 1976 and 7 million tons in 1975.
- A 1977 Soviet sunflowerseed crop of about 6.5 million tons, compared with 5.2 million in 1976 and 5 million tons in 1975.
- Canadian rapeseed production of 1.4 million tons in 1977, compared with 932,000 tons in 1976 and 1.75 million tons in 1975.
- U.S. 1977-crop cottonseed production of 5.2 million tons, compared with 3.8 million tons in 1976 and 2.7 million in 1975.
- U.S. 1977-crop sunflowerseed output at a record 1 million-plus tons, compared with 463,000 tons in 1976 and 541,000 in 1975.
- Malaysian palm oil production for 1978 of a record 1.7 million tons, compared with an estimated 1.5 million tons in 1977 and 1.3 million in 1976.
- Mediterranean Basin olive production forecast to rise to nearly 1.7 million tons, 217,000 tons above 1977 volume.
- Philippine copra output for 1978 of 2.2 million tons, compared with 2.3 million tons in 1977 and a record 2.6 million in 1976.
- Argentina 1977-crop flaxseed output of 850,000 tons, compared with 630,000 in 1976, and the largest volume in more than a decade. □

gain largely reflects an 18 percent gain in 1977 crop soybean plantings, as well as an indicated 11 percent improvement in yield.

Foreign output of fats and oils is projected at 39.7 million tons, 2.7 million tons above 1977 volume. Normally, expansion in foreign production accounts for nearly 80 percent of the gain in world output. However, in 1978 the sharp recovery in U.S. output will likely limit the proportion of foreign expansion to roughly 54 percent.

The expected sharp recovery in world output of oils and fats in 1978 will reflect larger export availabilities in many traditional producer-exporter countries as well as improved availabilities in some fat-deficit countries such as India.

Despite expectations of a strong gain in foreign demand for oilseeds and products in 1978, the huge boost in projected output will likely result in a significant recovery in ending stocks of oilseeds and oils in the major producer-exporter countries.

The forecast is predicated on the assumption that unfavorable growing weather does not occur in any of the major producing areas of the world. Historically, world output has varied above or below the projected trend by as much as 2.1 million tons (meal basis) and 900,000 tons (oil basis) in 2 out of 3 years.

U.S. soybean exports in recent months have exceeded previous expectations, while meal exports have lagged, reflecting Brazil's sharply expanded soybean crushings and exports of soybean meal and a reduced volume of soybean exports.

During April 1-September 4, aggregate exports of soybeans and meal from the 1977 Brazilian crop totaled about 3.9 million tons (meal basis) or 5 percent less than in the same period a year earlier, despite a gain in output.

The lag reflects sales delays by some Brazilian producers in the face of export taxes imposed by the Brazilian Government. Also, reported damage to loading facilities at the port of Rio Grande do Sul and heavy rains have slowed movements of soybeans and products somewhat.

Sunflowerseed production in the USSR for 1977 is still expected to be well above 1976's dismal 5.2-million-ton total, although continuing rainy weather into the harvest could lower output sharply.

The Soviets are expected to import about 1.2 million tons of U.S. soybeans during fiscal 1978, despite the forecast increase in the 1977 sunflowerseed crop over the 1976 total.

Current efforts to increase meat and poultry output will exacerbate the continuing feed protein deficit, and thus it appears likely that the USSR will continue to import some soybeans as well as minor quantities of other oil-bearing materials such as peanuts, flaxseed, copra, and possibly peanut meal from India. □

Oilmeals and Oils: World Supply Estimates [1]

Item	U.S. stocks	Production [2] U.S.	Production [2] Foreign	Total supply	Calculated 1965-75 trend	Deviation from trend
	Mil MT	*Mil MT*	*Mil MT*	*Mil MT*	*Mil MT*	*Percent*
Meal:						
1974	1.5	34.1	34.9	70.4	66.8	+3.6
1975	4.1	27.1	37.1	68.3	69.4	−1.1
1976	4.3	33.5	39.4	77.2	72.0	+5.2
1977	5.6	28.0	38.16	72.13	74.6	−2.3
1978	2.2	36.5	41.17	80.4	77.2	+3.2
Oil:						
1974	0.9	12.4	35.1	48.3	47.0	+1.3
1975	1.6	10.1	36.3	48.0	48.3	−0.3
1976	1.5	12.0	37.4	51.0	49.5	+1.5
1977	2.3	10.8	37.0	50.0	50.7	−0.7
1978	1.3	13.0	39.7	54.0	52.0	+2.0

[1] Totals computed from unrounded data. [2] Includes the meal and oil equivalents of oilseeds, vegetable, animal, and marine oils, but excludes minor changes indicated in the Sept. 12, 1977, U.S. crop report; includes Northern Hemisphere crop harvested in the scond half of 1977 combined with estimates of Southern Hemisphere crops yet to be harvested in the first half of 1978. Oil production data are calculated on the basis of assumed oil extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings, and therefore represent potential rather than actual oil production.

New GSP Regulations

New regulations published in the September 9 *Federal Register* explain how interested parties, including foreign governments, may petition for changes in the U.S. Generalized System of Preferences (GSP) program.

Petitions should include the name of the petitioner and why he is an interested party, a description of the product concerned and its Tariff Schedule number, and a statement of what action is requested and why. Supporting data should show:

- Production and production capacity;
- Employment and wages, including changes that may be taking place;
- Competing firms and how GSP affects the competitive situation; and
- Developing countries exporting the product.

Petitions will normally be reviewed once a year, in the early autumn. Requests for immediate consideration should include a statement explaining the urgency.

Petitions and other submissions commenting on petitions should be sent in 20 copies to the chairman, GSP Subcommittee of Trade Policy Staff Committee, Office of the Special Representative for Trade Negotiations, Room 722, 1800 G Street, N.W., Washington, D.C., 20506.

The same *Federal Register* notice announced that October 3 will be the deadline for petitions to change GSP product coverage and that public hearings will be held on such petitions beginning November 7. □

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Soviet Meat Imports Drop in '76

According to Soviet data, imports of meat and meat products in 1976 totaled 362,000 tons, the third largest volume in 10 years, but 30 percent below record 1974 and 1975 imports. Although the Soviets needed to boost imports in 1976 to offset a decline in domestic production and supply, they were restricted to the lower level of imports because of hard currency problems.

Imports of fresh, frozen red meat showed the sharpest decline in 1976, falling 44 percent below record imports in 1975. On the other hand, fresh, frozen poultry meat imports rose 21 percent above the reduced 1975 level, but were one-third less than the record volume achieved in 1971.

Canned meat imports made a small 2 percent gain, while imports of canned meat and vegetables doubled in volume to a record level.

Imports of slaughter cattle, at 117,413 tons (live weight), fell almost 55 percent below record imports of 260,000 tons in 1975. The largest drop was in beef cattle imports, which decreased almost 66 percent.

According to official Soviet trade data, the major Western nation supplier of fresh, frozen red meat to the USSR in 1976 was New Zealand, followed by France (the top supplier in 1975), Ireland, Finland, and Argentina. Imports from Argentina and Ireland, also important suppliers in 1975, dropped off sharply last year.

Western suppliers of fresh, frozen poultry meat to the USSR were Denmark, the Netherlands, and West Germany. Soviet trade data did not show 1976 poultry imports from the United States; however, U.S. broiler exports to the Soviet Union in that year were reported at 2,241 tons.

Major sources of USSR canned meat imports continued to be East European countries, with Bulgaria supplying all the USSR's imports of canned meat and vegetables.

Soviet exports of all meat and meat products dropped 7 percent in 1976 to the lowest level since 1971. The largest drop was in fresh, frozen meat exports, which fell 56 percent to the lowest level since 1955. Exports of canned meat, on the other hand, rose 29 percent, also to a record level.

Because of improved conditions this year for the Soviet livestock sector, and consequently expected improvement in domestic meat output and supply, Soviet imports of meat and meat products in 1977 will, in all likelihood, not differ too greatly from the 1976 import level. □

Correction. September 19 issue, page 2, column 4, line 18: The 1.4 million bales indicated for India's 1977/78 cotton imports were actually the 1976/77 authorized imports in 180 kg bales.

Philippine Cotton Use Up

Imports and consumption of raw cotton by the Philippines are expected to increase moderately in 1977/78. Following the onset of the world textile recession in 1974, the Philippine textile industry began to show modest profits again by 1976.

In 1977/78, consumption may rise about 15 percent over that of 1976/77 to 135,000 bales (480 lb net).

The Philippines imports almost all of its raw cotton needs. Imports in 1977/78 may reach nearly 130,000 bales, up from an estimated 110,000 in 1976/77. The leading source of imported cotton is the United States, which supplies 90 percent or more of requirements in most years. However, the U.S. portion was 83 percent in 1976/77, totaling 88,000 bales. □